

**ACCOUNTING EXAMINING BOARD MEETING
MINUTES
DECEMBER 5, 2003**

PRESENT: Sharon Hamilton, Jim Johnson, Frank Probst,
Roman Jungers II, Frederick Franklin

EXCUSED: Thomas Kilkenny

STAFF PRESENT: Jerry Lowrie, Bureau Director, William Dusso, Legal Counsel, Pat Schenck, Program Assistant, Darwin Tichenor, Barbara Showers, Exam Center and Division of Enforcement Staff.

GUESTS: Arland Stone, WAA
LeRoy Schmidt WICPA

CALL TO ORDER

Jim Johnson, Chair, called the meeting to order at 9:00 a.m. A quorum of five members was present.

AGENDA

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, to approve the agenda as written. Motion carried unanimously.

MINUTES – OCTOBER 17, 2003

MOTION: Roman Jungers moved, seconded by Sharon Hamilton, to approve the minutes of 10/17/03 as written. Motion carried unanimously.

ADMINISTRATIVE REPORT, JERRY LOWRIE, BUREAU DIRECTOR

Jerry Lowrie announced that Karen J. Bindl has been appointed to replace Frank Probst as a Professional member on the Accounting Examining Board. Ms. Bindl is waiting for Senate Confirmation. There is currently one public member vacancy.

BOARD ROSTER

Correct spelling on the "2004 meeting dates" memo to Board members, application screening , May 6, to Romie Jungers.

2004 MEETING DATES

The Board approves of the Thursday meeting dates. Jim Johnson, Chair, shared a letter from Secretary Donsia Strong Hill. Mr. Johnson will be available to review applications upon request.

SUMMARY REPORTS ON PENDING COURT CASES, DISCIPLINARY CASES AND ADMINISTRATIVE RULES AND MONTHLY PRESS RELEASE OF DISCIPLINARY ORDERS

Noted.

DEPARTMENT TRAVEL POLICY CLARIFICATION

Jerry Lowrie reported that the Department will fund one Board member per fiscal year. If a National or Regional Association will fund one Board member's attendance, a second board member or staff person could also attend the same meeting at the Department's expense. If NASBA covers the expenses for the National meeting, the Department could cover the expenses for the Regional Meetings.

NASBA NATIONAL ASSOCIATION OF STATE BOARDS OF ACCOUNTANCY ANNUAL MEETING, OCT. 26-29, 2003, MAUI, HAWAII REPORT BY FREDERICK FRANKLIN

Frederick Franklin reported on the National Association of State Boards of Accountancy Annual Meeting held on October 26-29, 2003 at Maui, Hawaii.

Issues discussed were computerization of exams, the Sarbanes-Oxley Act, sharing information between states, and Peer Review.

MUTUAL RECOGNITION AGREEMENT LETTER AND FORM

The Board reviewed and discussed reciprocity agreements that have been in effect with the Canadian Institute of Chartered Accountants (CICA), the Institute of Chartered Accountants in Australia (ICAA) and (CPA) Australia. A mutual recognition agreement was approved with the Instituto Mexicano De Contadores Publicos (IMCP). These agreements were developed by the NASBA/AICPA International Qualifications Appraisal Board (IQAB) at the request of Boards of accountancy.

NASBA reported that 41 boards are prepared to consider applications for certification or licensure from Canadian Chartered Accountants, 33 from Australian Chartered Accountants, 26 from Australian Certified Practicing Accountants, and three from Mexico. The Board agreed that Wisconsin would be willing to accept applicants from Australia or Mexico.

2004 EXECUTIVE DIRECTORS CONFERENCE-SAVANNAH, GEORGIA, FEBRUARY 8-11, 2004

Jerry Lowrie will contact the Association to see whether they will sponsor a member to attend the Executive Director's Conference in Savannah GA on February 8-11, 2004. The Board agreed that it would be in the Bureau Director's best interest to attend the Executive Directors Conference rather than a Board member.

ADMINISTRATIVE RULES STATUS OF CLEARING HOUSE RULE 03-071

Bill Dusso reported on the Board's rule making housekeeping and modernization Act revisions to the Board's rules, Clearinghouse Rule 03-071. The Clearinghouse recommended changes to the rules with many detailed comments. When modifications are made to the draft, the rules will be submitted to two standing committees. Should the committees pass the rules without comment, the rules will be returned to the Board and submitted to the Board Chairperson for final adoption pursuant to a previous Board motion.

STATUS OF CLEARING HOUSE RULE 02-120

Clearing House Rule 02-120 has been replaced by the Independence Rule 03-071 which has been promulgated and no action is needed.

STATUS OF CLEARING HOUSE RULE 02-149

Clearing House Rule 02-149 relating to computerized examinations was effective November 1, 2003.

PEER REVIEW ISSUE DISCUSSION-JAN BOBHOLZ

Jan Bobholz questioned what the staff's responsibilities are in relation to Peer Reviews, and if firms are required to submit copies of Peer Reviews to the Board office that are currently being done. Companies are sending in Peer Review reports one year in advance. The Peer Review requirement begins on January 1, 2005.

The Board discussed the Peer Review issues that need to be resolved, the Accy 9 rules, and the qualifications of Peer Reviewers at length.

Issues discussed were that individuals performing Peer Reviews must be licensed in Wisconsin, definition of having "undergone" a Peer Review, WICPA to provide license numbers of firms, and providing report of activity to the Board by December 1st, 2005.

A person seeking approval as a reviewer under WICPA shall submit evidence as requested by the board showing that 1) the program complies with Accy 9.06, and 2) the person performing evaluations under WICPA is or consists of individuals licensed to practice as CPA's in Wisconsin who have undergone at least one Peer Review.

The Board has requested that a three person sub-committee be appointed to look at the Peer Review area. The sub-committee should consist of one member from the Board, one member from the Department and one member from the WICPA Committee. The committee would look at forms, the procedures and operations and report back to the Board at the May 2004, meeting. Jim Johnson has volunteered to represent the Board on this committee.

MOTION: Frank Probst moved, seconded by Sharon Hamilton, to request that the Secretary form a subcommittee of one Board member, one Department staff person, and one person from WICPA to look at the Peer Review program, address the interpretations, procedures and timeline for implementation of the Peer Review program, forms, operations and report back to the Board in May 2004. Motion carried unanimously.

William Dusso will prepare a scope statement indicating the reason the Secretary should form a subcommittee to address the interpretations, procedures and timeline for implementation of the Peer Review program to report back to the Board in May 2004.

EXAMINATION/APPLICATION ISSUES

FOREIGN CREDENTIALS SERVICE OF AMERICA SERVICE-PASS FOLDER JAN BOBHOLZ

Jan Bobholz reported she received a request from Foreign Credentials Service of America FCSA to review foreign credentials. Sample credential reviews forms were distributed to the Board members for review to determine if the Board would like to utilize this company for educational evaluations of foreign applicants. Currently the Board only accepts evaluation services that are part of the National Association of Credential Evaluation Services.

Additional homework will be required on this company prior to the Board's approval.

Mrs. Bobholz will contact FCSA to inform them that we only accept organizations that are members of the National Association of Credential Evaluation Services.

TRANSITION TO COMPUTER BASED TESTING BARB SHOWERS

Barbara Showers reported on the provision of computer based testing services. Beginning in 2004, the computer-based examinations will be administered solely through the National Association of State Boards of Accountancy (NASBA) Gateway Systems. The Gateway System is a proprietary system of NASBA. Wisconsin Accounting Board is a member of NASBA. NASBA and its division, CPA Examination Services, are in a unique position of knowledge of the new procedures required to implement computer-based testing through the Gateway System. They have developed these procedures and have a close internal working relationship at all times in case of problems with the start up or any on-going problems or needs for change that may occur. They are in the position of providing the best possible service to the candidates, the Board and the Department.

The initial cost for a candidate is \$135.00 and \$105.00 to retake the examination. Grades will be released to the candidate and to the Department.

The Department will continue licensing candidates after they pass the examination. The Department recommends that it contract with NASBA for provision of test administration services for the computer based CPA examination beginning in 2004.

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, that the Department contract with CPA Examination Service Division of NASBA, Gateway Systems for the computer-based testing examination in 2004. Motion carried unanimously.

NASBA CHEATING PENALTY

The Board reviewed and discussed Mack Ezzells memo regarding Wisconsin's cheating policy. Cheating shall be reviewed on a case by case basis. The Board may use their own discretion regarding discipline.

The Department has drafted an RL rule on Cheating. The new rule will repeal the individual Board rules that are currently in place. Electronic examinations are included in the new RL rule.

REVIEW AND REVISION OF ETHICS EXAMINATION CONTENT DARWIN TICHENOR

Darwin Tichenor reported that the current ethics examination is drawn from Chapter 440, 442, Accy 1 and RL 7. The new Accy 9 on Peer Review became effective on August 1, 2003 and major changes were made to Accy 1 on December 1, 2003. The issue of including Accy 9 and changes to Accy 1 in the revised ethics examination was discussed.

The current exam should be revised to reflect AICPA's standards and include Peer Review. The content of the structure of ethics exam will be discussed at the February 5, 2004 meeting.

PRACTICE ISSUES

KOLB & CO. -WILLIAM DUSSO

William Dusso drafted a memo to Kolb & Co regarding their desire to restructure. The Board reviewed and discussed Mr. Dusso's memo and determined that under the ownership structure proposed, more than 50% of the ownership interest of the firm would be held by individual certified public accountants and the firm would meet the ownership requirements of Stats. 442 and Accy 1.408 provided certain conditions are met.

MOTION: Frederick Franklin moved, seconded by Roman Jungers, to authorize the distribution of William Dusso's letter restructuring Kolb & Co. to Mr. Bart Adams. Motion carried unanimously.

BOARD MEMBER ACTIVITY

Jim Johnson, Chair, acknowledge William Dusso's last meeting with the Board due to Mr. Dusso's retirement. The Board expressed their appreciation for everything Mr. Dusso has done

for the Accounting Examining Board over the years and wished him luck in his retirement. Mr. Dusso has worked for the State of Wisconsin for thirty two years.

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, to express the Board's appreciation and thankfulness for everything William Dusso has done for Accounting Examining Board over the years. Motion carried unanimously.

VISITORS COMMENTS

None.

PRESENTATION OF PROPOSED STIPULATIONS BY DIVISION OF ENFORCEMENT OR ANY THAT MAY BE SUBMITTED AFTER PRINTING OF AGENDA

None.

CLOSED SESSION

MOTION: Frank Probst moved, seconded by Frederick Franklin, to convene to closed session to deliberate on cases following hearing (s. 19.85(1)(a), Stats.; to consider licensure or discipline (s. 19.85(1)(b), Stats.; to consider individual histories or disciplinary data (s. 19.85(1)(f), Stats.; and, to confer with legal counsel (s. 19.85(1)(g), Stats. Motion carried by roll call vote: Sharon Hamilton- yes, Jim Johnson - yes, Frank Probst – yes, Roman Jungers II-yes, Frederick Franklin-yes..

Open session recessed at 11:34 a.m.

RECONVENE TO OPEN SESSION

MOTION: Roman Jungers moved, seconded by Sharon Hamilton, to reconvene into open session at 11:46 a.m. Motion carried unanimously.

VOTE ON ITEMS CONSIDERED OR DELIBERATED UPON IN CLOSED SESSION, IF VOTING IS APPROPRIATE

MOTION: Roman Jungers moved, seconded by Sharon Hamilton, to approve the twenty nine candidates that the Board approved on December 5, 2003

based on examination, transfer of credit from another state and endorsement of license from another state. Motion carried unanimously.

MOTION: Roman Jungers moved, seconded by Sharon Hamilton, to approve Clint H. Breed and Elizabeth S. Hager contingent upon receipt of passing scores for the ethics examination. Motion carried unanimously.

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, to approve the two hundred eight certified public accountants license's on list dated December 5, 2003. Motion carried unanimously.

APPLICATIONS REVIEWED ON DECEMBER 5, 2003

The Board took the following action on applications. Applicants applied based on examination, transfer of credit from another state and endorsement of license from another state.

FOR REGISTRATION AS A CERTIFIED PUBLIC ACCOUNTANT

1. Approved – 29

ALLEN-LAEHN, BRIDGET J
BERHOLTZ, CHRISTA L
BORNITZ, CARA J
BUSCH, DEANNA K
CARLSON, GREGORY B
DOBKE, KEVIN S
EIBL, DANNETTE M
ENLOE, JULIE A
HARMEL, SHIRLEY J
HERMANN, BARBARA J
HOFELDT, WILLIAM A
ISELY, JEAN A
KEPPERS, KARA D
LAMMERT, TODD M

LA TULIPE, AMY L
LEWIS, BARBARA A
MARSCALL, JESSICA I
MUELLER, KATHRYN T
PAAPE, ANNE LISE J
RYDZIK, JOHN, R
SAMBORSKI, JENNIFER L
SORENSEN, DAVID E
UDOVICH, CHAD M
WAKSDAHL, ROBERT B
WEIGEL, BRET M
ZELINSKI, SHARAN A
ZIELINSKI, DAWN M

Contingent upon receipt of passing scores for ethics exam

BREED, CLINT H
HAGER, ELIZABETH S

MONITORING REPORT

None.

CASE CLOSING

02 ACC 020

MOTION: Sharon Hamilton moved, seconded by Frank Probst, to close case **02 ACC 020** for prosecutorial Discretion (P3) and request that Department staff notify the respondent that this complaint will be kept on file in the Department. Motion carried unanimously.

**STIPULATIONS
ADMINISTRATIVE WARNINGS
REINSTATEMENT REQUESTS
EXAMINATION ISSUES**

None.

NEW BUSINESS

A Department Rule on cheating is being drafted for all Boards.

SUCH OTHER MATTERS AS DEFINED BY LAW

None.

ADJOURNMENT

MOTION: Sharon Hamilton moved, seconded by Roman Jungers, to adjourn the meeting at 11:51 a.m. Motion carried unanimously.

NEXT MEETING: FEBRUARY 5, 2004

NEXT MEETING AGENDA ITEMS

- Define Content of Structure of Ethics Exam – Darwin Tichenor.
- Global Cheating Policy Other states – Jerry Lowrie
- RL Cheating Rule and Scope Statement – Jerry Lowrie
- Peer review sub-committee.